

Advertising Age

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Saatchi & Saatchi: What happens next



Maurice Saatchi talks to shareholders after his speech at Saatchi & Saatchi Co.'s annual meeting in London.

Major changes in works

By LAUREL WENTZ

It could be several years before Saatchi & Saatchi Co. solves its problems.

Last week the British advertising group stunned its annual meeting with a surprise announcement that 1989 pretax profits would fall below 1988 levels.

A source within Saatchi's U.S. organization said top managers were brought to London before the annual meeting and told to expect two to three years of rough times.

Sources say Saatchi & Saatchi is suffering from deep management problems requiring changes. Those changes include:

- Cutting back on or getting rid of vari-

ous properties, including some in its consulting arm and ad agency McCaffrey & McCall, New York.

- Tightening financial controls that have been loosened since WPP Group Chief

- Maurice Saatchi's speech—P. 20
- Clients stand behind Saatchi—P. 70
- Takeovers seem less certain—P. 70

Executive Martin Sorrell left his job as Saatchi's group finance director in 1985. It may add a new financial officer.

- Deepening management to oversee businesses that are losing key staff while

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Advertisers 'up in arms'

NBC's Tartikoff reacts to mood

By WAYNE WALLEY

The "New Puritanism," an attitude of consumers that network TV has gotten too lenient in its treatment of sex and violence, is starting to hit advertiser, agency and network TV executives hard.

There are even signs that the "New Puritanism" may affect the crucial upfront market, when advertisers buy time in network shows for the fourth quarter and first three quarters of the following year.

Since Terry Rakolta, a Michigan woman, made headlines a month ago by calling for advertisers to pull commercials off Fox Broadcasting Co.'s "Married . . . With Children," the repercussions have mushroomed.

Just last week, Chrysler Corp. and Sears, Roebuck & Co. pulled spots from NBC's "Nightingales" series after the American Nurses' Association mounted a massive letter-writing campaign against advertisers.

In a similar move, Mennen Co. pulled its commercials from "thirtysomething."

NBC Entertainment President Brandon Tartikoff, reacting to stinging criticisms about programming from consumers and advertisers, announced last week he's beefing up the network's broadcast standards operation. He named sociologist Rosalyn Weinman to the new post of VP-program standards and community relations.

It was only last year that the network cut back its standards unit.

ABC and CBS haven't been hit as hard by consumer and advertiser complaints, even though they, too, have cut standards staff.

"I do think there is a shift in audience taste, and we'd be foolish not to listen to that feedback," Mr. Tartikoff said at a news conference following the network's program development presentation last week to advertiser and agency executives.

"Any time you experiment or try to push the boundaries of what's acceptable, you're going to find sometimes you push too far," he said. "We're not in the business of pushing boundaries. It would be a frivolous enterprise to be pushing the boundaries back when the audience is saying, 'I can't watch this with my family because it's on at 9 p.m. and my 11-year-old is still up.'"

NBC and the other networks may end up paying for their mistakes in the upfront season. Advertisers may rebel against lenient network programming standards by withholding ad support from certain shows in the advance-sales period, sources say.

Agency executives, many of whom screened network shows in development in Los Angeles last week, acknowledged some clients are "up in arms" over what they perceive to be offensive programming.

Some advertisers are instructing agencies to "find other alternatives" if network programming is "the same as this year,"

sources say.

"There's going to be some reluctance to commit to any shows that look potentially offensive in any way, and in those shows the units may go at any price," said Michael Drexler, exec VP at Bozell, Jacobs, Kenyon & Eckhardt, New York.



SHOWS THEY HATE

Saturday Night Live
Nightingales
thirtysomething
Married . . . With Children
Moonlighting
60 Minutes
L.A. Law
Night Court
Cheers
Golden Girls
A Current Affair
Donahue
Gerald
Inside Edition
Morton Downey Jr. Show
Oprah

But if buyers avoid new shows and concentrate on existing series, it could also drive up prices for the tried-and-true network offerings.

"I don't think the networks are going to be significantly hurt in terms of ad revenues overall [in upfront], but there is the possibility some shows will not get advertiser support to the extent the networks want," Mr. Drexler said.

"We're probably going to have to build in

(Continued on Page 68)

Ogilvy pares its holdings

By GARY LEVIN

New York—Ogilvy Group is trying to spiff itself up for Wall Street.

The holding company last week shed Roll-Werner Rosenthal Inc., a \$60 million pharmaceutical agency, in a move to strip away non-core businesses and focus on the bottom line.

The shop was sold to Nelson Cos., headed by Wayne Nelson, a former Johnson & Johnson executive committee member credited with building the Tylenol brand.

Ogilvy is also negotiating to sell the language-management arm of its Euramerica International unit, which has total billings of \$50 million and estimated revenues of \$7.5 million.

Yuri Radziewsky, Euramerica chairman-CEO, confirmed Ogilvy is negotiating to sell the language-management arm, including translation services, to Macmillan's Berlitz unit.

Ogilvy officials declined comment, but securities analysts and investors have been invited to a March 29 meeting at Ogilvy to discuss the company's future strategy.

If the Macmillan deal goes through, Euramerica's ad business would be folded into Ogilvy & Mather Worldwide. No other bidders have surfaced, Mr. Radziewsky said, and if a part of the agency isn't sold, "my guess is it would continue in its present form."

Among other measures aimed at streamlining or refocusing its businesses:

- Ogilvy plans to sell a larger stake in Scali, McCabe, Sloves to Scali management while retaining a minority interest (AA, Dec. 26, et seq.).

Progress on that front is "slow but sure," an agency official said, adding that a deal is expected sometime this year. Scali management already owns 29% and has options to buy another 19% by next year.

- Ogilvy & Mather has trimmed what it considers to be redundant multiple offices in foreign countries. In recent months, it has reduced the number of offices in Australia, West Germany and the Netherlands.

But foreign growth has been strong for the agency, and Ogilvy is committed to expanding its foreign business in general. The company is particularly intent on rebuilding a presence in Japan, where it has withdrawn twice before.

- SAGE Worldwide and Research International, two proprietary research and consulting companies that are key to Ogilvy's marketing-services lineup, have been streamlined and bolstered.

In a restructuring, Ogilvy combined its retail consulting and promotional marketing businesses into twin business units under the SAGE umbrella, headed by Executive Director Spencer Hapoienu. To London-based Research International Ogilvy added Decisions Center, a

\$16 million research company, and a 20% interest in the Futures Group, following a management-led buyback at that company.

Analysts and investors generally applaud these measures and expect them to help alleviate recurring problems of lackluster earnings performance and vulnerability to an unwanted takeover.

Sharp run-ups in the public company's stock price this year have prompted speculation that just such an offer is in the works.

After the latest such run-up, which boosted Ogilvy's share price \$3.75 to \$33.25 on March 16, the stock eased back to \$32.13 on active trading when the market closed March 23.

"Anything they do to upgrade their portfolio and to focus their business more is a positive," said Greg Ostroff, analyst at Goldman, Sachs & Co.

"I suspect [the sales] are to improve returns (Continued on Page 70)

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Campbell looks to Tracy-Locke

By JUDANN DAGNOLI

Campbell Soup Co. has turned to Tracy-Locke, Los Angeles, to create a test commercial for its red-and-white label soups, bypassing regular agency Backer Spielvogel Bates, New York.

Campbell said the test doesn't mean the \$40 million soup account will be moved from Backer.

"It's a special assignment and a one-time thing," said Paul Mulcahy, Campbell VP-advertising. "It doesn't mean we're changing agencies."

The test spot, filmed in California last month, starts airing this week in Philadelphia and Portland, Maine.

Still, sources say Campbell has been disenchanted with Backer's work on soups for some time. In particular, the company was annoyed by the agency's resistance to a recent change in campaigns, when the ad theme was switched to "M m m'm good" from "Soup is good food."

Campbell isn't "deliriously happy," said a source, noting that soup sales volume is down 1% this year.

Sources say impatience with Backer is growing, particularly since Campbell USA President Herb Baum began running the soup group. Dan Santangelo, who'd been

in charge of the soup group, has been on extended leave, attending an Advanced Management Program at the Harvard Business School.

In an earlier interview last week, Mr. Baum admitted that some of the creative work for red-and-white soups wasn't up to snuff, despite the campaign change. But he added that Backer wasn't in trouble.

Mr. Baum said he's working more closely on red-and-white soups with upper-level creatives at Backer to improve the advertising.

Mr. Mulcahy said the assignment for the test spot went to Tracy-Locke via Phil Slott, agency chairman-chief creative officer, because the commercial is an experiment in semiotics, or symbolism in commercials.

He said Mr. Slott and executives at Tracy-Locke's sister agency, BBDO Worldwide, have more experience in semiotics.

BBDO and Tracy-Locke are units of Omnicom Group.

Mr. Baum likened his efforts in working with Backer to last year's arrangement with BBDO New York Chairman Phil Dusenberry that resulted in the very successful Jummy Stewart campaign for Home Cookin' soups. BBDO handles Home Cookin' and Chunky soups. #

TV magazines brace for battle

By PATRICK REILLY

Cable and TV magazines are fighting hard to win advertisers, cable system operators and readers at a time when cable TV's audience penetration is continuing to rise.

On April 1, Crosby Vandenberg Group will fold two smaller cable magazines, *Cabletime* and *Choice*, into the new, 5 million-circulation *TV Entertainment Monthly*. The full-size magazine and program guide is a historic departure from digest-size competitors *Cable Guide* and *TV Guide*.

A color page in *TV Entertainment* is \$56,150, a b&w page is \$43,350 and a b&w page within the program listings is \$36,000.

Others in the field are contemplating changing to a format like TV

Entertainment

Rupert Murdoch's *TV Guide* for the first time studied the cost of producing the 37-year-old weekly as a full-size magazine, though the idea now appears to be shelved.

At the same time, TVSM is testing its monthly *Cable Guide* as a weekly and at full size, and could relaunch it in the new format by early 1990.

Why all the stir?

Cable and TV magazines are becoming more valuable marketing vehicles than ever, before as cable penetration increases and the Big 3 networks and cable services compete for viewers. As of November, cable reached 48.6 million U.S. households, or 53.8% of those households with TVs.

A favorite of cigarette advertisers, (Continued on Page 8)

Trucks push Chevy ad recall up

By SCOTT HUME

It's winter. The Super Bowl's over. You think about maybe hopping in the car and getting a burger and a soft drink.

Maybe that's why the five advertisers that had the best recall in February were, in order, McDonald's Corp., Chevrolet, Pepsi-Cola, Coca-Cola and Ford. Fun products.

Chevrolet logged the most surprising showing for the month. While its advertising is nearly always among the top 10 in top-of-mind recall, Chevy placed second in February (tied with brand Pepsi), its best showing ever in unaided awareness.

When respondents to ADVERTISING AGE's monthly adWatch survey were asked to name the first car or truck advertiser that came to mind, Chevy came out on top.

That broke Ford's hold on the top spot in the car category, unchallenged for more than five years of monthly surveys.

So what happened? Did consumers suddenly notice and start humming Chevy's "Heartbeat of America" jingle after hearing it for several years?

Perhaps, but what put Chevy in the driver's seat may have been the advertising for its trucks rather than its cars. Chevrolet has been promoting its truck line in comparative spots with Ford trucks, putting the vehicles through some grueling tests like climbing impossibly steep hills and driving over ditches.

In the midst of winter, such stunts function as memorable entertainment.

The pitch has been effective enough that Ford in March changed advertising for its trucks to mention competitor Chevy by name (AA, March 6).

What lifted Chevrolet to the top spot in the "car or truck" category was very strong recall in the Southeast, where truck sales are highest. Chevrolet was also tops in the North Central area. In the West and Northeast, Ford was the best-recalled auto and truck maker.

While Ford has dominated the car or truck category, Coca-Cola and Pepsi-Cola have taken turns as best-recalled soft-drink ads.

In February, it was brand Pepsi's advertising that was on top, with 37.6% of first mentions. Brand Coca-Cola was named first by 32.5%, down 4.2 percentage points from its January showing.

But the news in the category is

Diet Coke

Advertising that broke in January claims the "Move is on" to Diet Coke and away from Pepsi, an assertion that Pepsi-Cola Co. howled about to the Big 3 networks (AA, Jan. 30).

The centerpiece of the Diet Coke campaign was the 3-D commercial during halftime at the Super Bowl. Consumers may not have gotten the full 3-D effect, but they remembered the effort.

Diet Coke got 9.3% of first mentions when respondents were asked to recall soft-drink ads. That was the product's best showing ever in the soft-drink category in terms of percentage. The campaign was best recalled among consumers ages 25 to 34.

AdWatch is a joint project of ADVERTISING AGE and the Gallup Organization. Ad awareness is measured by asking a nationally projectable sample to name the first advertising that came to mind from all seen, heard or read in the previous 30 days.

Last month, 1,000 adults were polled by phone. The margin of error is 3.1%.

Among other changes last month:

- Just when it seemed McDonald's couldn't dominate the **fast-food** category any more thoroughly, it has done just that. In February, McDonald's advertising was named first by 55.9% of respondents, up 2.7 percentage points from its record 53.2% share in January.

- Burger King Corp. continued to redefine the term "distant second," last month garnering 12.4% of first mentions. Wendy's International was third with a 5.4% share.

- Apple Computer held onto its traditional position atop the **computer** category with 34.8% of first mentions, vs. 34.6% in January. But its only real rival for the top spot, IBM Corp., dropped to a 20.5% share last month from 24.8% in January.

- Radio Shack was third with 2.9%.

- E&J Gallo Winery logged a surprising post-holiday surge in advertising awareness in the **wine** category. Last month, its ads came to mind first for 23.1% of the sample, up a whopping 8.1 points from January.

- Banfi Vintners' Riunite dropped to a 5.9% share from 9.7% the previous month but held on to the No. 2 spot.

- Gallo's Bartles & Jaymes wine coolers were third with 3.2% of first mentions.

For more information, contact the Gallup Organization, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

said George Murphy, VP-marketing at Eskimo Pie Corp.

Eskimo Pie this year will introduce more sugar-free items, including a fudge bar, an ice cream sandwich and a new, milk chocolate version of its Eskimo Pie.

The new products will be supported by spot TV commercials from Hawley Martin Partners, Richmond, Va.

Drumstick has completed national distribution of eight flavored varieties of its Drumstick novelties. The company breaks its first national ad campaign in April.

The \$4.5 million network TV and national print effort was created by Fahlgren & Swink, Columbus, Ohio. It's themed "Eight ways to sundae."

For the entire frozen novelties category, Leading National Advertisers' spending figures show a plunge in measured media spending to \$33 million for the nine months ended September 1988 from \$64 million for all of 1987.

Janet Meyers in Washington and Marcy Magiera in Los Angeles contributed to this story.

ADWATCH SURVEY OF ADVERTISING AWARENESS TOP 10 IN FEBRUARY

Last month, 1,000 people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? Source: Gallup Organization, Lincoln, Neb.

Rank		Advertiser	Agency
2/89	1/89		
1	4	McDonald's	Leo Burnett USA
2	3	Chevrolet	Lintas/Campbell-Ewald
2*	6	Pepsi-Cola	BBDO Worldwide
4	2	Coca-Cola	McCann-Erickson Worldwide
5	5	Ford	J. Walter Thompson USA
6	1	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham
7	10	Tide	Saatchi & Saatchi Advertising
8	9	California raisins	Foote, Cone & Belding
9	8	Miller	J. Walter Thompson USA/Backer Spielvogel Bates
9*	7	Oldsmobile	Leo Burnett USA

* Indicates a tie.

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Frozen

(Continued from Page 25)

H.J. Heinz Co.'s Weight Watchers unit said jumped 47% in sales last year.

Weight Watchers is introducing a Peanut Butter Fudge Bar. An estimated \$5 million network TV campaign, starring spokeswoman Lynn Redgrave, will support, starting in May. Ally & Gargano is handling.

Also entering the segment is Mars Inc.'s DoveBar International. Although the company wouldn't discuss its plans, it's rolling out new Dove Light next month.

The line extension will have one-third fewer calories and 40% less fat than regular Dove Bar. Grey is the agency.

Nostalgic brands, such as Drumstick and Eskimo Pie, are also experiencing a resurgence.

There's a "tremendous shift back to the basics—the cup, the ice cream sandwich and the pie—and away from the trendy complex products,"